Increase in urea subsidy

2802. SHRI BRATIN SENGUPTA:
SHRI LAJPAT RAI:
SHRI ANANTRAY DEVSHANKER DAVE:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the quantum of increase in urea subsidy during the last three years, year-wise; and

(b) how much of this increase is on account of increase in feedstock prices and how much is on account of increased production, during the said period?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS): (a) The quantum of increase in subsidy on indigenous urea during the last three years is as follows:

Year	Quantum of increase in the amount of subsidy on indigenous urea, as compared to the subsidy paid during the preceding year
1997-98	Rs. 1823 crore
1998-99	Rs. 1050 crore
1999-2000	Rs. 1101 crore

(b) The details of quantum of increase in subsidy on account of various factors such as increase in the cost of feed stock, increase in production etc. are not separately maintained. Besides under the RPS, subsidy on urea is released on dispatches made after taking into account the availability of funds.

CAG Report on subsidy payments

2803. SHRI GHULAM NABI AZAD: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether recently the Comptroller and Auditor General of India (CAG) has pointed out a whooping Rs. 3714 crores undue subsidy payment to Fertilizer Units during 1997-98;

(b) if so, whether inadequate verfication of date by a Government

appointed Committee and its failure to reduce some tax norms despite a drop in rates is reponsible for this;

(c) if so, the facts, with details thereof; and

(d) what action has been taken on CAG's observation?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS): (a) to (d) The Comptroller and Auditor General of India in its report "Union Government (Civil) Transaction Audit Observations (2 of 2(XX))" pertaining to Ministry of Chemicals & Fertilizers have made observations with regard to the implementation of Retention Price-cum-Subsidy Scheme by the Fertilizer Industry Coordination Committee (FICC) which administers the scheme. As per the report, subsidy payment of Rs. 5932 crore was made by FICC for production of indigenous urea to the fertilizer units for the year 1997-98. The report has inter-alia referred to excess payments of subsidy because of delay in revision and adjustment of subsidy on account of reduction in corporate tax. It has also referred to the reliance placed by FICC on the data furnished by the fertilizer units in calculation for payment of subsidy without independent verification and scrutiny of basic records maintained by the fertilizer companies.

The observations made by the Comptroller and Auditor General are being processed. As far as the correction relating to drop in tax rate is concerned, while it was not effected immediately, since the subsidy is provided on an ongoing basis, differences were adjusted as a result thereof.

Assessment of capacity of fertilizer units

2804. SHRI RAMACHANDRAIAH RUMANDLA : Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government have detected certain fertilizer units understating their capacities;

(b) if so, the action taken to re-assess the capacity and quality, the exact amount of recoveries to be effected, from them; and

(c) the action proposed against the erring companies?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RA! IESH BAIS): (a) to (c) Government is seized of the matter relating to excess drawal of subsidy by under statement of capacities by